

The Honorable Bill Shuster, Chairman
Subcommittee on Economic Development, Public Buildings
and Emergency Management
Hearing on “The Reauthorization of the Appalachian
Regional Commission and Legislative Proposals to Create
Additional Regional Economic Development Authorities”
July 12, 2006

The Subcommittee will come to order.

We are here today to discuss the reauthorization of the Appalachian Regional Commission (ARC) and other proposed regional economic development authorities.

The Appalachian Regional Commission was established by Congress in 1965 to address the profound economic and social problems in the Appalachian Region that made it a “region apart” from the rest of the nation. Since its inception, the ARC has helped cut the region’s poverty rate in half, more than doubled the percentage of adults over age 25 with a high school

diploma, and provided water and sewer services to over 800,000 households. The region's infant mortality rate has been reduced by two-thirds. Currently there are 77 counties in the region recognized as economically distressed. This is quite an improvement over the 223 distressed counties recognized in 1960.

As with other members of this subcommittee, I am grateful for the assistance ARC has brought to our communities. The ARC has done a great job encouraging local economic development by making use of local resources for the benefit of the community. While ARC funds are rarely the largest source of project funds, they have proven integral to the success of the projects. Mr. Delia [Dee-lee-a], who we will hear from later today, accurately described ARC funding in his written testimony as the "glue that holds projects together." These projects and new initiatives go a long way in attracting new industry, new companies and of course the jobs that accompany the investment to the area.

As with all parts of the region, the ARC has been a significant resource to the distressed counties in Southwestern Pennsylvania. I have had the personal opportunity to see its success, through numerous ARC investments in Pennsylvania. To give you an example of the benefits of ARC, a project in Huntingdon County received an ARC grant of \$250,000 in 2005 to extend water and sewer piping to a commercial development. The project is expected to help retain and attract industry to the area, private investment of roughly \$25 million, and over 400 jobs. This is a significant investment for Huntingdon County and a boon to the community and region.

Additionally, the ARC highway system is integral to the development of the region. For too long, the region has been isolated due to the lack of an efficient transportation system to connect it to the national transportation network. Last year's highway bill, SAFETEA-LU, provided continued assistance for the completion of the Appalachian Development Highway System, which is currently more than 85% complete.

ARC was previously authorized in 2002 through the 2006 fiscal year. New initiatives, including an increased focus on telecommunications and technology were instituted and have shown early success. While ARC is considered by most to be a strong, effective, and efficient model of intergovernmental economic development commission, there is still room for improvement.

One of the proposed changes to ARC is the creation of an additional designation to assist counties that are at-risk yet don't fully qualify as distressed. By law these counties may only be funded at up to 50 percent of project costs. The new proposed "at-risk" designation will permit ARC to fund projects in these counties at up to 70 percent of the project cost.

Over the past few years ARC has only been funded at approximately two-thirds of the amount authorized and recommended by Congress. I urge the appropriators to fund the Appalachian Regional Commission according to the authorized levels we have set and will set in the future, allowing the region to reach its full potential.

Other regions, not supported by regional economic development commissions are also at risk. Certain parts of the Southeast, Southwest, and Northeast have high unemployment, low per capita income, and lack the necessary healthcare, education, and water and wastewater facilities. Numerous proposals have been introduced to create economic development commissions, using ARC as a model for success. We will hear from proponents of these new regional authorities today.

I look forward to hearing from all of our witnesses.

With that, I'd like to recognize our ranking member Ms. Norton from the District of Columbia for any opening statement she may have.

I would like to welcome our witnesses today. Most of you traveled a good distance to be with us today and this subcommittee appreciates that.

I ask unanimous consent that our witnesses' full statement be included in the record. Without objection, so ordered. Since

your written testimony has been made a part of the record, the Subcommittee would request that you limit your summary to 5 minutes.

PANEL 1

We have two panels of witnesses today. Our first panel is here to discuss the reauthorization of the Appalachian Regional Authority. Our first panel has three witnesses: Ms. Anne Pope, Federal Co-Chair of ARC, Mr. Steve Robertson, Commissioner of the Governor's Office for Local Development for the State of Kentucky and Alternate to the States' Co-Chair of ARC, and Mr. Ed Silvetti [Sil-vetti], Executive Director of the Southern Alleghenies Planning and Development Commission, who is speaking on behalf of the National Association of Development Organizations this afternoon. I'd like to welcome all of you and thank you for joining us today.

Thank you all for your testimony. Your comments have been very insightful and helpful to today's discussion.

PANEL 2

The Committee now calls before it the second panel for today's hearing. Our second panel will discuss other proposed regional economic development authorities. We are joined today by Mr. Jonathan Daniels, President and CEO of Eastern Maine Development Corporation, who will discuss the proposed Northeast Regional Development Commission, Mr. Al Delia [Dee-lee-a], President and CEO of North Carolina Eastern Region who is with us today to discuss the proposed Southeast Crescent Authority, and Mr. Jake Brisbin [bris-bin], Executive Director of the Rio Grande Council of Governments who will discuss the proposed Southwestern Regional Border Authority. I hope our second panel will provide us with further insight into these issues.